

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 CIEP-02
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PRS-01 L-03 H-02 AGRE-00 /099 W
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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 9556

INFO TREASURY WASHDC

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E.O. 11652: N/A

TAGS: EGEN MX

SUBJ: PRESIDENTIAL DECEMBER 31 REMARKS ON RECENT LEGISLATION.

REF: MEXICO 58

1. BELOW IS OUR INFORMAL TRANSLATION OF PRESIDENT LOPEZ-
PORTILLO'S REMARKS TO A SENATE DELEGATION ON DECEMBER 31.
PRESS RELEASE CALLS REMARKS "IMPROVISED". INTRODUCTION
PARAGRAPHS ARE DELETED.

2. "WE HONESTLY BELIEVE THAT THE ORGANIC LAW OF PUBLIC
ADMINISTRATION, THE LAW OF BUDGET AND ACCOUNTING, THE LAW
OF PUBLIC DEBT AND THE IMPROVEMENTS TO THE ORGANIC LAW,
CONSTITUTE A FUNDAMENTAL BASIS FOR IMPROVING THE ADMINISTRATIVE
FUNCTIONING OF OUR NATION, CONSIDERING THAT OUR COUNTRY,
PERHAPS MORE THAN UNDER-DEVELOPED, MAY BE UNDER-ADMINISTERED

3. "WE HAVE MANY RESOURCES, SOME NON-RENEWABLE, OTHERS
THAT ARE, MANY HUMAN, LIMITED AND CONGESTED FINANCING,
BUT WE HAVE THEM. THENCE IT IS ORGANIZATION THAT MAY BE
THE FACTOR WITHIN OUR HUMAN ABILITIES TO WHICH WE ARE
MOST ACCOUNTABLE PRECISELY BECAUSE IT DEPENDS ON OUR ABILITY.

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4. "WE ARE PLACED IN AN EXTRAORDINARY COUNTRY. IT IS
ORGANIZATION THAT TERMINES OUR RELATIONSHIPS, AND THIS COULD BE
SUCCESSFUL OR DEFICINET, IF WE SUCCEED OR NOT IN ORGANIZING
OURSELVES; IF WE SOUCCEED OR NOT IN MEETING OBJECTIVES, IN
FINDING GOALS, AND PLACING THEM IN SPACE AND TIME AND ORGANIZING
THUS OUR RESPONSIBLE ACTIONS.

5. "I APPRECIATE THAT IT IS BY ORGANIZATION, AS THE FUNDAMENTAL

RESPONSIBILITY OF A FREE BEING THAT MAN CAN GOVERN HIS DESTINY IF HE SUCCEEDS IN PERFORMING WITHIN HIS FREEDOM IN AN ORIENTED COURSE.

6. "FROM THAT COMES THE IMPORTANCE THAT I GIVE TO ADMINISTRATION, TO ORGANIZED SERVICE, IN THE FUNCTION OF OUR COMMON DUTIES. THEREFORE, I AM ESPECIALLY GRATEFUL FOR THE EFFORT, THE COLLABORATION THAT YOU GAVE US IN THE CONCEIVING AND IMPETUS TO THE ADMINISTRATIVE REFORM, THAT SHALL PERMIT US TO BE ABLE TO COUNT ON SUFFICIENT INSTRUMENTS TO ADVANCE THE PROGRESS OF THE COUNTRY.

7. "I APPRECIATE AS WELL THE EFFORT MADE TO DEVELOP, TO IMPROVE, AND TO APPROVE A BUDGET SO DIFFICULT AS THE ONE WE HAVE HAD TO PRESENT, A BUDGET DRAWN UP BETWEEN TWO ADMINISTRATIONS, BETWEEN TWO ORGANIZATIONS, THE RESULT OF BASIC ADMINISTRATION REFORM AND ABOVE ALL BETWEEN TWO DEVALUATIONS. A BUDGET COMPRISED BY THE RISK OF POSSIBLY BEING INFLATIONARY, BY THE GRAVE DANGER THAT IT COULD BE DEFLATIONARY, BY THE POSSIBILITY THAT PERSISTS THAT IF WE ERR IN ITS MANAGEMENT, WE WILL HAVE THE WORST OF ALL POSSIBLE WORLDS: INFLATION WITH UNEMPLOYMENT, WHICH IS THE BASIC PROBLEM EXISTING IN THE COUNTRY AND WHICH WE DO NOT WISH TO SEE GROW.

8. "WE BELIEVE THAT THE BUDGET IS NOT INFLATIONARY, NEITHER FOR ITS AMOUNT, UNFORTUNATELY ONLY SLIGHTLY ABOVE THE PAST LEVELS AND POSSIBLY LESS THAN THE POPULATION INCREASE, FOR THE PURPOSE OF INCREASING PRODUCTION.

9. "I BELIEVE THAT EXPENDITURE ORIENTED TO PRODUCTION IS NEVER EXCESSIVE, BECAUSE IT IS ONLY PRODUCTION THAT WILL REMOVE US FROM THE INFLATIONARY RISKS: GROWTH IS THE MOST INTELLIGENT FORM OF COMBATTING INFLATION. OF COURSE, IT CAN ALSO BE DONE - AND THIS IS DONE BY MANY RIGOROUS ECONOMIES THAT ALMOST ALWAYS FALL INTO FASCISM-
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BY FORCEABLY REPRESSING THE SAVINGS OF THOSE WITH THE LEAST, INSTEAD OF ACTING AGAINST THOSE WHO HAVE THE MOST. ONE CAN ALSO REDUCE DEMAND BY FORCE. THIS IS A MEANS OF CONTROLLING PROBLEMS SUCH AS WE FACE. BUT IT IS MORE INTELLIGENT AND MORE DESIRABLE TO ACT IN THE AREA OF PRODUCTION.

10. FOR THIS REASON, THE BUDGET WE HAVE APPROVED HAS TWO BASIC PRIORITIES: FOOD AND ENERGETICS. A COUNTRY THAT HAS SUFFICIENT OF THESE TWO PRIORITIES CAN MAKE HEADWAY, AND OURS HAS THEM.

11. "I APPRECIATE THE EFFORTS THAT YOU HAVE MADE IN ORDER TO PASS THE BUDGET, AS YOU HAVE MADE IN THE AREA OF TAX REFORM, WHICH HAS JUSTIFIABLY BEEN CALLED WEAK, BUT IT IS A TAX REFORM BECAUSE IT HAS A STRUCTURE.

12. "WE HAVE VERY LITTLE ROOM FOR MANEUVERS. BOXED IN BY THE INERTIA OF EVENTS, WE DON'T HAVE MUCH AREA TO MOVE IN, WE DON'T HAVE TIME TO RELAX; BUT THE LITTLE AREA WE DO HAVE PERMITS US TO BEGIN, AT LEAST IN AN INDICATIVE WAY, AND I HOPE NOT ONLY SYMBOLICALLY, AN AUTHENTIC TAX REFORM, BY WHICH WE FREE LOW-INCOME GROUPS FROM THE INCOME TAX. OF COURSE WE HAVE NOT BEEN FREE FROM CRITICISM FOR SOME HAVE SAID THAT THIS MEASURE TENDS TO INCREASE

THE IRRESPONSIBILITIES OF A MAJORITY OF THE POPULATION.

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13. "STRICTLY SPEAKING, WHAT WE ARE DOING IS STRENGTHENING JUSTICE BY INCREASING THE CONSUMPTION CAPACITY AND DEMONSTRATING THE DISPOSITION OF TAX AUTHORITIES TO SACRIFICE AN IMPORTANT SOURCE OF REVENUE IN ORDER TO ALLEVIATE PRESSURES ON PRICES AND THEREBY PERMIT THAT, IN RELATION TO WAGES, THE PRICE-WAGES POLICIES MAY BE LESS MALIGNANT.

14. "AND HERE I WANT TO REPEAT VERY BRIEFLY TO YOU SOMETHING I HAVE JUST SAID TO THE REPRESENTATIVES OF THE CHAMBER OF DEPUTIES: THAT LESSON, THAT BEAUTIFUL LESSON, THAT RISKY LESSON OF HISTORIC RESPONSIBILITY, THAT OF THE WORKING CLASS OF MEXICO IN UNANIMOUSLY ACCEPTING SUCH A MODEST INCREASE IN THE MINIMUM WAGE. A SACRIFICE THAT BEGINS A PROCESS OF SOLIDARITY THAT I HOPE WILL BE CONFIRMED BY OTHER SOCIAL CLASSES.

15. "IT IS IN THIS MANNER THAT ONE CAN BREAK THE INFLATIONARY SPIRAL, WITH SUCH RESPONSIBLE AND HAZARDOUS ACTS, BY COMPROMISES - THE PURELY NOMINAL DEMOLOGUERY IS EASY - THAT CAN RESOLVE THE CRITICAL SITUATIONS THROUGH WHICH WE LIVE.

16. "WHAT I JUST SAID A MOMENT AGO TO THE DEPUTIES, MANY STILL HERE, NOW I REITERATE BEFORE THIS COMMISSION BECAUSE IT SEEMS TO ME AN HISTORIC EXAMPLE, THE FORCE, THE SACRIFICE OF THE WORKING CLASS.

17. "WITH THESE MEANS IT IS BELIEVABLE THAT WE CAN GOVERN EVENTS. I AM SURE THAT WE WILL BE ABLE TO DO SO IN THE COMING DIFFICULT

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DAYS. WE ARE GOING TO BEGIN THE CLIMB IN JANUARY, A CLIMB THAT HAS BEEN IGNORED BY MANY BECAUSE OF THE DECEMBER HOLIDAYS; BUT THIS CLIMB BEGINNING IN JANUARY IS GOING TO BE DIFFICULT, VERY DIFFICULT. IT WILL BE, AS WE HAVE SAID ON OTHER OCCASIONS, A VERY DIFFICULT SIX MONTHS, BECAUSE IT WILL NOT BE UNTIL JUNE OR JULY WHEN WE BEGIN TO SEE THE OTHER FACE OF THE DEVALUATION, UNTIL NOW BITTER.

BEGINNING IN THESE MONTHS, WE WILL BEGIN TO SEE POSITIVE ASPECTS.

18. "THESE SIX MONTHS WILL FORM PART OF WHAT I BELIEVE WILL BE TWO YEARS DURING WHICH WE WILL BE ABLE TO RECONSTITUTE OUR ECONOMY. TWO YEARS, I SAY, NOT AS A MAGIC OR ARBITRARY NUMBER, TWO YEARS BECAUSE THESE ENCOMPASS TWO AGRICULTURAL CYCLES DURING WHICH WE CAN ORGANIZE PRODUCTION IN THE COUNTRY. BEGINNING WITH THIS EFFORT, ONE INITIAL, ANOTHER CONTINUED, SELF-SUFFICIENCY IN FOOD WILL ENABLE US TO CEASE IMPORTING GRAINS AND OILSEEDS THAT MAKE UP THE DEFICIT WHICH DE-BALANCES US IN THIS AREA.

19. "IF WE SUCCEED, THE COUNTRY AFTER TWO YEARS WILL BEGIN TO SEE BETTER TIMES. I DO NOT DOUBT THAT IF WE ACT WITH THE RESPONSABILITY SHOWN BY THE WORKERS SECTOR, WITH THE COLLABORATION OF WHICH YOURS HAVE BEEN AN EXAMPLE, THE COUNTRY WILL FACE UP TO ITS RISKS AND OVERCOME THE CRISIS.

19. "I AM CERTAIN OF IT. THE COUNTRY IS YOUNG, IT IS FLEXIBLE, IT IS POWERFUL. IT IS DISORGANIZED. WE ARE GOING TO ORGANIZE IT BETTER, WITH COURAGE, OCCASIONALLY WITH SACRIFICES, BUT ALWAYS WITH A FIRM WILL.

20. "I THANK YOU FOR YOUR VISIT, YOUR ASSISTANCE, AND WISH TO YOU AND YOUR FAMILIES A PLEASANT NIGHT AND THAT THE NEXT YEAR BE HAPPY FOR ALL.

21. "THIS WISH WILL BE RENEWED NEXT YEAR IN ORDER THAT '78 SHOULD BE BETTER.

22. "I WISH THAT MEXICO SHOULD BEGIN TO LIVE EACH DAY BETTER THAN THE NEXT. I WISH THIS FOR YOU; ON OUR PART WE WILL MAKE EVERY EFFORT THAT WE CAN IN ORDER THAT THIS WILL BE SO."

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